



Africa: How Africa is Bilked

The Nation (Nairobi)

EDITORIAL

January 10, 2007

Posted to the web January 9, 2007

Daily Nation On The Web

Nairobi

Transnational corporations generally invest in Africa, and Kenya in particular, to boost their profits. Despite elaborate pretence to the contrary by their promoters and Western embassies, that is the bottom line.

That granted, it is only too obvious that their business, which too often results in socio-political and environmental pollution, should benefit the host countries. We isolate tax as the most basic gain that should accrue from their operations.

But going by a report put out by **Tax Justice Network for Africa**, quite a number of them have converted sub-Saharan Africa into a tax-free haven - where they just make money without paying taxes.

The report carried in our 'Smart Company' pull-out says that billions of shillings bilked through 'transfer pricing' are finding their way outside the continent through European banks.

The report indicts both the developed and developing countries' governments for this state of affairs.

The implications are dire: while we welcome the positive aspects of foreign direct investment, as long as these giants do not pay taxes, African states will remain weak.

We urge the governments and tax authorities to put them on a short leash in the public interest. If not, Africa will continue to be held hostage by the West for the benefit of their citizens, and at the expense of Africans.

With an alternative to their investment coming in the shape of China, the governments should fully embrace it to diversify the risk.

As the report concludes, properly taxing the multinationals would halve global poverty. Let us make them pay every cent they owe.